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PROGRAMME PLANNING

Country and intercountry programmes and projects

THIRD COUNTRY PROGRAMME FOR CHINA*

Programme period	Actual resources programmed	$
January 1991-December 1995	IPF	189 988 000
	Government cost-sharing	18 500 000
	Third-party cost-sharing	4 000 000
	Total	212 488 000

CONTENTS

		Paragraphs	Page
I.	DEVELOPMENT TRENDS, STRATEGIES AND PRIORITIES	1 - 14	2
II.	THE COUNTRY PROGRAMME	15 - 95	4
	A. Principles	15 - 19	4
	B. Areas of concentration	20 - 22	6
	C. Multisectoral themes	23 - 29	6
	D. Programmes	30 - 94	9
	E. Unprogrammed reserve	95	21
III.	COORDINATION AND MANAGEMENT OF THE PROGRAMME	96 - 112	21
	A. New modalities for coordination of the programme	96 - 101	21
	B. Execution and implementation	102 - 103	22
	C. Sources of expertise	104 - 107	23
	D. Linkages	108 - 112	23
Annex.	Financial summary		25

* Other related data prepared as part of the country programming exercise are available on request.

I. DEVELOPMENT TRENDS, STRATEGIES AND PRIORITIES

1. The third country programme for China (1991-1995) constitutes a framework for technical cooperation with the United Nations Development Programme (UNDP). The foundation of the programme is the national development strategy and individual sectoral plans. These are summarized in this section in the form of critical constraints in which foreign technical assistance would be useful.

2. China has adopted a "three step forward" development strategy for its socialist modernization: doubling real gross national product (GNP) during the decade of the 1980s while meeting the basic needs of the population; again doubling real GNP by the year 2000 with a commensurate increase in the standard of living; and achieving parity with the level of per capita GNP and with the standard of living of moderately developed countries by the middle of the next century. In order to foster rapid growth and development, the policy of economic reform and opening to the outside world was adopted at the third plenary session of the Eleventh Central Committee of the Chinese Communist Party held in 1978.

3. Reforms have progressed farthest in the agricultural sector. Through the introduction of various "production responsibility" systems in the rural areas, rural households began to enjoy autonomy in production and investment decisions with their income being more directly linked to output. This resulted in substantial productivity gains until 1984, after which agricultural growth stalled for several years. In order to stimulate agricultural production to exceed the production plateau reached in 1984, the farmers were provided with more agricultural inputs. This resulted in immediate increases in production levels, rising to record harvests of over 400 million tons in 1989 and 1990. Stable agricultural development is seen as the basis for sustained economic development and social stability. Top priority has therefore been accorded to the introduction of new technologies and practices for agricultural development.

4. Industrial enterprises have been targeted for improved performance through restructuring and technical innovation. State enterprises have also been allowed to retain a portion of their profits for further investment and the payment of incentives to management and workers. In 1986 the Government shifted from profit transfer to income taxation. At the same time enterprises were granted greater power over pricing, marketing and production above set quotas, as well as hiring, promotion, remuneration and dismissal of workers. Village and township enterprises have, since 1979, rapidly proliferated and in 1989 numbered more than 18 million. It is estimated that they currently employ about 94 million people and account for approximately 28 per cent of the gross value of industrial output and a similar ratio of total exports. Products are to be consciously geared both to satisfying the changing requirements of the domestic market and to carving a niche for China in international markets. Efforts will continue to be made to ensure that large and medium-sized enterprises serve as the backbone of the national economy, actively guiding township and village enterprises in a programme of healthy development through fair competition and cooperation. The policy of opening to the outside world has transformed China's economy and vastly increased its relations with the outside world. Trade has grown faster than GNP.

5. Investment and production have grown rapidly and the people of China have received increased direct benefits over the past decade of economic reforms and the policy of opening to the outside world. Between 1979 and 1990, while population increased by 16 per cent from 995 million in 1979 to 1.16 billion in 1990, China's real GNP more than doubled. Agricultural production and industrial production increased at an average annual rate of 5.9 per cent and 12.8 per cent, respectively. Along with a steady increase in per capita income and an all-round increase in the availability of food, clothing, consumer goods and shelter, aggregate savings registered a sharp rise from ¥RMB 21 billion in 1978 to ¥RMB 515 billion at the end of 1989.

6. A decade of very high growth was accompanied by spiralling inflation, imbalance between supply and demand, an irrational economic structure and economic disorder in recent years. To deal with these problems, a Three-Year Rectification Plan was introduced in 1989 aiming at adjustment of the economy to ensure its stable, balanced and sustained development. Along with continued reform efforts, GNP growth would reach 5 to 6 per cent per annum, but inflation would be kept under 10 per cent. This has resulted in a significant reduction in the rate of inflation from an annualized rate of 26 per cent in late 1988 to around 5 per cent in 1990.

7. As China enters the second stage of its modernization programme, the Government has reaffirmed its commitment to the policy of opening to the outside world and reform with a view to ensuring stable and sustained economic growth. Emphasis will be placed on improving performance in a broader sense rather than merely striving for increased production and growth rates. Technological exchanges and reciprocal investment and trade with foreign countries will continue to be encouraged in order to increase the rate of development.

8. According to the fourth population census, China's population reached 1.16 billion in 1990. Heavy emphasis will continue to be placed on reducing the rate of population growth, which is a central constraint to the economic development of the nation. This will be achieved by increasing family planning services and the use of reliable contraceptives, and increasing efforts to improve the status of women in poor rural areas. Around 80 per cent of the population resides in rural areas, and 40 million inhabitants reside in 699 poor counties with a per capita income of under ¥RMB 200. In absolute terms there are an additional 17 million people to feed, clothe and shelter each year.

9. There is an increased awareness of the importance of sustainable development as well as the attenuation and prevention of environmental pollution. Legislation has been adopted requiring new industrial investments to undergo clearance on the basis of their environmental impact, and more resources will be channelled towards the introduction of pollution control technologies. Investment in environmental protection will grow to 1 per cent of GNP in the coming decade.

10. The alleviation of critical bottlenecks in the energy, transportation, raw materials, basic industry and infrastructure sectors is accorded great importance by the Government. Coal constitutes approximately 80 per cent of total energy consumption and will continue to dominate the energy sector for the foreseeable future. Future investment to raise efficiency and reduce negative environmental effects associated with the coal industry will be a high priority.

11. Management at the macro- and micro-economic levels has been identified as an area requiring particular attention across the board. More systematic planning and management techniques are to be introduced in order to improve efficiency, fully utilize existing production capacity, improve product quality and reduce waste.

12. The education and health sectors witnessed significant achievements in the past decade. A three-tier (county, town and village) medical care network has been well established throughout the country. Achievements in improving the quality of life for the general population can be illustrated through reduced incidence of various critical diseases and mortality rates, as well as by life expectancy which has risen to 69 years. Primary school enrolment in 1949 was 24 million, and by 1988 it had reached 125 million pupils. Human resources development and the education sector have been accorded renewed importance at all levels. The objective is to raise the number of qualified personnel in all disciplines and fields of study and raise existing capacity in order to increase the overall rate of development of the economy.

13. The development of science and technology is accorded strategic importance, and considerable resources and efforts are being allocated to improve and expand technological research and development. In this context, added emphasis is being placed on developing and strengthening linkages between research institutes and actual centres of production. Industries which are based on outdated technologies, but are deemed critical to development of the economy, are targeted for technological transformation and modernization and will benefit from the introduction of foreign and more advanced technologies.

14. The more advanced regions of China's eastern seaboard, which have a greater absorptive capacity, will lead the way for the development of poorer, more remote areas of the west. In the future more efforts will be made to facilitate actively the dissemination of technology and know-how first acquired by the economically advanced provinces and Special Economic Zones on the east coast.

II. THE COUNTRY PROGRAMME

A. Principles

15. In the light of the critical constraints in which foreign technical assistance would be useful and the comparative advantage of UNDP, specific programmes are identified in the present section. The programmes are outlined in this section, which describes the new country programme. Since UNDP's resources alone will not be sufficient to implement fully all programmes, complementarity with other sources of assistance will be encouraged.

16. Perhaps the most fundamental development in the recent history of China is that of opening to the outside world. There was a clear recognition in 1978 that the country's development goals could best be pursued by strengthening its linkages with other countries in order to enhance the flow of modern technology, technical and managerial know-how, trade and investment. This policy coincides exactly with the major comparative advantage of UNDP, which is to bring an international

dimension to China's efforts in modernization in a manner which is neutral and multisectoral and promotes national self-reliance.

17. In a country which contains 22 per cent of the world's population and covers the third largest land mass on earth, achieving even a modicum of impact through the deployment of technical assistance is a daunting task at best. Foreign sources of funding available to China can be placed in six broad categories: grant multilateral assistance, grant bilateral assistance, multilateral capital assistance loans, bilateral capital assistance loans and credits, commercial loans and foreign direct investment. The use of these various types of external resources is viewed in the context of the comparative advantage of each different source and requires a high degree of selectivity, a clear fix on priorities, and clarity on the type of assistance which is most effective. In this connection, multilateral grant assistance, and particularly that from UNDP, will be allocated to acquire critical technological and management know-how or expertise from a variety of international sources, bearing in mind the multilateral, neutral, responsive and flexible nature of UNDP technical assistance.

18. Three overall principles were applied in the design of the third country programme: all assistance provided is (a) in areas designated as maximum priority by the Government; (b) in line with UNDP's mandate and comparative advantages; and (c) in response to a clear need for external know-how and expertise.

19. In addition, the following considerations will be taken into account in designing specific programmes of technical cooperation:

(a) A programme should be more than a collection of projects. It should deal with systemic issues which are more fundamental than the specific problems addressed by projects. The number and type of project interventions required within the programme areas will be determined once the broader dimensions have been assessed. Moreover, some projects undertaken within the areas of concentration will not always fit within the component programmes.

(b) To be effective, the country programme as a whole must have a sense of direction and coherence. In short, each individual programme and intervention should fall within the five areas of concentration and incorporate wherever appropriate the five multisectoral themes as stated below.

(c) Programmes will be targeted at the enlargement and improvement of the indigenous pool of talent in China in promoting increased self-reliance in social and economic development. Taking into account UNDP's comparative advantage, the human resources base will be strengthened primarily through the provision of advisory services (combining international and national) and training (both in-country and abroad).

(d) As the country progamme is designed to tackle issues well beyond the financial resources of the UNDP country allocation, efforts will be made to mobilize additional resources through complementarity and collaboration with other donors.

B. Areas of concentration

20. China's economic and social development in the coming decade, especially during the Eighth Five-Year Plan period, will focus on: strengthening agriculture; enhancing basic industries and infrastructure; readjusting and transforming processing industries; and strengthening education, science and technology. In line with these objectives and the principles stated above, five areas of concentration have been identified for the country programme:

(a) Rural economic development and production;

(b) Energy, transport and communications;

(c) Industrial productivity and profitability;

(d) Social development and quality of life;

(e) Economic and public administration reform and management.

21. These areas are closely interrelated and will together contribute to the achievement of China's economic and social objectives in the coming decade, and especially during the Eighth Five-Year Plan period.

22. Individual programmes to be assisted by UNDP will be selected from within the five areas of concentration stated above and will be designed in a programme approach. It is recognized that in order to maintain flexibility, not all UNDP resources can be channelled through programmes. Therefore, the interventions proposed within each of the programme areas identified are not intended to be exhaustive, but will constitute by far the bulk of the programme.

C. Multisectoral themes

23. Five key multisectoral themes will permeate the areas of concentration mentioned above, namely:

(a) Management and administrative performance;

(b) Environment;

(c) Development of poor areas and minority nationalities;

(d) Increasing the role of women in development;

(e) Technical Cooperation among Developing Countries (TCDC).

24. Just as it is necessary to see the interrelationship among the areas of concentration, it is equally important to see the relationship between the areas of concentration and the multisectoral themes. These themes will receive constant attention in the numerous interventions that will be made in each of the areas of

concentration. The themes themselves are mutually supportive and are bound by the common need to increase efficiency in the use of human, natural and financial resources. The proper application of fertilizers, for example, will increase yields, reduce pollution, save money, reduce waste, improve investment planning in fertilizer production plants and reduce imports.

25. Management. Planning, administration and management of sectors, subsectors, individual enterprises and institutions will be strengthened in the overall context of the country programme. This theme is established in the area of concentration on economic and public administration reform and is the principal objective of five other programmes dealing with forestry, water, rural and large and medium-sized enterprises and health.

26. Environment. Sound environmental policy is more than pollution control. It involves development planning which preserves the environment through improved economic efficiency and sound economic and investment decisions. The new country programme will provide assistance in (a) addressing global issues such as the use of ozone-depleting substances; (b) the implementation of a national environmental strategy; and (c) new projects in all areas of concentration. The environment, as an integral part of development planning, permeates the entire country programme. This is especially evident in problems associated with water, fertilizers and pesticides, coal utilization, energy conservation and environmental health.

27. Poor and remote areas. Ensuring that UNDP assistance targets the poorest sections of the population and minority groups is part of UNDP's mandate. Assistance will help augment rural economic production and the quality of life in poor areas, especially those inhabited by minority groups. To the extent possible, these efforts will be made in collaboration with international non-governmental organizations. The areas of poverty concentration will be prime beneficiaries in the programmes targeted on food production, especially in the arid and semi-arid zones, training of managers and officials in poor counties and the social development programmes in health and education.

28. Women in development. Enhancing the role of women in development has been an important policy goal in China for the past 40 years and will continue to be so in the future. Women will continue to participate fully in and benefit from the UNDP programme. The aim will be to integrate further the concerns of women within the overall programme rather than isolating them in a separate set of projects. The two programmes that best lend themselves to the incorporation of specific components aimed at women are rural economic production and social development. More importantly, care will be taken when elaborating these and other programmes to ensure that where appropriate the concerns of women are addressed at the design stage.

29. TCDC. China has always attached great importance to TCDC and has made tremendous efforts to promote it. Considerable scope exists to incorporate fully TCDC as a mechanism for gaining access to intermediate technology within the country programme. China will continue to advance TCDC and at the same time to seek more extensive participation in the regional, interregional and global programmes.

Interrelationship between themes and areas of concentration

Area of concentration/programme	Theme*				
	Management	Environment	Poor areas	Women	TCDC
RURAL ECONOMIC DEVELOPMENT AND PRODUCTION					
1. Food Production					
(a) Agricultural Inputs and Practices	*	*	*	*	*
(b) Arid and Semi-arid Area Agriculture	*	*	*	*	*
2. Forestry Management	*	*	*		*
3. Water Resources Planning and Management	*	*			*
4. Rural Enterprise and Development Management	*	*	*	*	*
ENERGY, TRANSPORT AND COMMUNICATIONS					
5. Coal Resources Utilization	*	*			
6. Energy Efficiency and Conservation	*	*			
7. Telecommunications Modernization	*		*		*
8. Transport Design					
INDUSTRIAL PRODUCTIVITY AND PROFITABILITY					
9. Large and Medium-Sized Enterprise Management	*	*	*	*	*
10. Machine Tools Industry	*				
11. Industrial Materials	*	*			
SOCIAL DEVELOPMENT AND QUALITY OF LIFE					
12. Education Systems and Administration	*	*	*	*	*
13. Teaching Methodologies and Materials			*	*	*
14. Health Management and Delivery Systems	*		*	*	*
15. Critical Diseases	*	*	*	*	*
16. Environmental Protection and Health	*	*			*
17. Employment, Social Security and Vocational Training	*		*	*	*

/...

Area of concentration/programme	Theme*				
	Management	Environment	Poor areas	Women	TCDC
ECONOMIC AND PUBLIC ADMINISTRATION REFORM AND MANAGEMENT					
18. Public Administration Reform	*			*	*
19. Economic Sector Management	*	*		*	*
20. Foreign Trade and Investment Management	*				*

* Themes are indicated only in cases in which they constitute a major outcome of a given programme.

D. Programmes

30. Within each of the programme areas described below, systemic issues are addressed which collectively are fundamental to sustained economic and social development in China. The five multisectoral themes permeate these programmes and give coherence to the country programme as a whole.

31. The country programme is designed to achieve significant impact, but design alone will not ensure that impact will actually be achieved. This will depend on careful planning and coordination in elaborating and formulating the programmes (and the projects within them), as well as monitoring and evaluation; these topics are covered in section III.

1. Area of concentration: Rural Economic Development and Production

32. As long as China's population continues to grow at the rate of 17 million per annum, and in view of the fact that 80 per cent of the population lives in rural areas, rural economic production will be fundamental in the country's economic growth. Critical to this growth are food production, rural enterprise management, forestry management, and water resources planning and management. The programmes to be developed in this area of concentration will advance solutions to these broad problems, as well as those relating to the multisectoral themes on management, the environment, poverty alleviation in poor and minority areas and the role of women in development.

33. The poverty and environmental aspects of this area of concentration make it an obvious focus of attention by other donors, and it is expected that UNDP will work with bilateral donors and the multilateral grant and loan institutions. Cooperation with the latter will be in the form of pre-investment project preparation work and technical assistance in direct support of investments.

Programme 1: Food Production

34. Self-sufficiency in food production continues to be the highest priority for meeting the needs of the country's large population. Despite recent record harvests, yields of key crops are still constrained by the use of inputs of inferior quality and inefficient or inappropriate techniques, as well as overutilization of water in irrigated areas. Arid and semi-arid areas of western China must also be developed and cultivated if self-sufficiency in food is to be maintained; this can be achieved through the introduction of proven technologies and practices of farming systems to prevent further erosion and consequent desertification.

35. This programme is expected to enhance the sustainability of agriculture through more effective management and the efficient use of environmental resources. It will also increase food production and incomes in a number of areas in the country, including both poor and relatively advanced ones, while reducing desertification. It will channel assistance to activities of particular benefit to women and will include opportunities for technical cooperation with developing countries which are particularly advanced in arid and semi-arid land agriculture. The programme is divided into two subprogrammes: (a) Agricultural Inputs and Practices and (b) Arid and Semi-Arid Area Agriculture.

(a) Agricultural Inputs and Practices

36. Seed quality and screening techniques need to be improved, as do livestock and crop production through the introduction and development of improved breeds and strains on the basis of applied research. The subprogramme will aim at enhancing capabilities in developing, selecting, processing and disseminating seeds of five of China's major crops which are genetically adapted to different conditions and can be expected to raise yields, and it will constitute a major collaborative research and development effort with the participation of key research institutions.

37. The use of fertilizers and pesticides needs to be rationalized in accordance with soil type, crop, precipitation and moisture levels, etc., to raise yields and ensure the sustainability of production levels. Inappropriate fertilizer and pesticide concentrations, combinations and frequency of application result in stunted growth, limited production and wasted resources. Improved quality and application of fertilizers and pesticides will result in a significant drop in land degradation and water pollution, considerable financial savings to the farmer and the country, and also increased productivity. New techniques have no effect unless they reach the farm level. Therefore, comprehensive extension services will be strengthened within the context of individual programmes in order to improve the application and use of all the above inputs at the farm level.

(b) Arid and Semi-Arid Area Agriculture

38. Poverty in China is found especially in vast regions which suffer from lack of rain, low productivity and desert encroachment. This second food production subprogramme aims at expanding areas under cultivation in arid and semi-arid areas of the country by introducing proven technologies and practices which will ensure

sustained increases in yields. Serious soil erosion and consequent desertification has resulted in low yields, bringing localized food deficits and a range of attendant problems. Development of farming systems is a high priority. Technology packages, including irrigation methods involving the economic use of water, suitable fertilizers, mechanization adapted to soil profiles as well as topography, inter-cropping and soil stabilization techniques, are essential.

39. Comprehensive input and technology packages will be developed, applied and disseminated in areas of north-west China. Particular attention will be paid to arid soils on the fringe of the desert and the increase of crop yields on a sustainable basis through the introduction of improved farming systems, range management, water conservation and soil moisture retention techniques such as mulching.

40. All of the above interventions will be coupled with appropriate training for farmers in secondary agricultural schools as well as for extension workers. This will result in the development of management and technical capacity to enable the effective dissemination of techniques and technologies to the farm level.

Programme 2: Forestry Management

41. Effective forest management is critical to a national strategy for environment and sustainable development. China's forests are a valuable resource; the importance of the nation's forestry reserves has long been recognized as a means for controlling desertification and soil erosion. China has achieved much success with its reafforestation programmes in the past decade. The Government's target for the next decade is to increase forest coverage from 13 to 17 per cent by planting 26 billion trees over 57 million hectares. Simultaneously, attention will be given to conserving the vast investment made in this area and maintaining existing reserves and utilizing them in a sustainable manner for purposes of associated industries.

42. An effective national forest resources management and monitoring programme will be developed through the setting up of model demonstration computer systems for data collection, compilation, analysis and retrieval, as well as human resources development. Assistance will also be sought from other multilateral and bilateral sources within the framework of the programme.

43. Nursery management techniques will be improved on a pilot/demonstration basis for larger nurseries involving select species of significance for the national afforestation programme and those covering geographical areas of significant size.

44. Attention will also be given to the production and utilization of forestry products to raise incomes in areas with land allocated to the intensive development of forest reserves. This will include the improved management and increased profitability of paper pulp factories and the reduction of harmful effluents which at present severely pollute extensive reaches of China's inland waterways.

45. Multisectoral themes of the country programme which will be advanced in this programme are management, the environment and poverty alleviation. It is expected that part of the forestry management programme will cover remote and poor areas and will serve to reduce rates of desertification.

Programme 3: Water Resources Planning and Management

46. A prime example in China of the development-environment nexus is water usage. Competition for this scarce resource (especially in the north) by agricultural, domestic and industrial users necessitates improved conservation management through pollution reduction, recycling, reduced run-off and the price structure. The planning and allocation of water resources using supply and demand models based upon sound knowledge of surface and groundwater resource levels will be tackled through multisectoral and multi-ministerial programmes.

47. Water resource allocation and management in northern China through the introduction of mathematical planning models at the central level and sub-models at the provincial and municipality levels will result in improved decision-making at the national and local government levels. As a part of this programme, specific studies will also be carried out with respect to water conservation for agriculture, groundwater pollution and waste water treatment.

48. The use of the limited water resources of the Yellow River needs to be made more efficient. A comprehensive and multiple objective economic analysis, using systems engineering techniques, will be carried out. Mathematical models for the economic use of water will be developed and utilized to improve the allocation and use of water resources throughout the Yellow River basin, which is to be further developed using Government and other capital assistance from multilateral sources.

49. It is expected that the programme as a whole will improve the quality of the water supplies as well as help to overcome the critical water shortages caused by poor decision-making and unscientific management.

Programme 4: Rural Enterprise and Development Management

50. Since the introduction of economic reforms there has been a veritable explosion of rural enterprises. While these enterprises have proved to be an enormous national productive force, considerable room for improvement exists. Most of the managers of the village and township enterprises lack post-secondary training and in many cases have taken their jobs in the enterprises straight from the farm. The most vital need and best opportunity for using technical assistance is through the provision of consultancy services and training to the rural enterprise managers in production and financial management and marketing. Building on the experience of an entrepreneurs' centre established in Jiangsu province with UNDP assistance, the national network of rural enterprise training centres will be used to extend such services elsewhere in the country, especially in the poor and remote areas. Productivity and agricultural cooperation will be increased through continued training of cooperative managers.

51. In order to increase the pace of development in poor areas of the country, it is essential that provincial and county level officials be trained in basic aspects of development economics, economic planning, programme identification, formulation, appraisal (including cost/benefit analysis), evaluation and other skills essential for the management of the process of development. Officials will also be trained in essential skills such as alternative methods of environmental impact assessment

for the integration of environmental concerns in the development process with a view to fostering sustainable development. Particular attention will be paid to ensuring that women officials constitute an equitable proportion of those trained.

2. Area of concentration: Energy, Transport and Communications

52. China must rely on coal for more than three quarters of its energy needs. The magnitude of its use is illustrated by the fact that its consumption in tons per year equals the nation's population. Despite the environmental problems created by the burning of coal as a source of heat and energy, of necessity coal will remain the major source for the foreseeable future. The basic problem is the need to improve the handling and efficient usage of coal in order to reduce pollution, conserve the resource and effect significant savings.

53. Inadequate transport and telecommunications are critical constraints for development in many parts of the country. The transportation of raw materials, energy resources, food and other commodities, and finished products is currently heavily dependent on over-utilized stretched railway and highway networks. New telecommunications technologies must be introduced and developed with the objective of extending networks, improving efficiency and even economizing by replacing outdated equipment.

54. Programmes in coal resources utilization, energy conservation, transportation design and new telecommunications technology will address the key problems identified above. This will result in reduced environmental degradation between mine and factory, better management of coal resources, more efficient use of energy from all sources, improved and more appropriate modes of transport for both people and goods, and an expanded and more effective telecommunication system. Multisectoral themes of the country programme to which these programmes will contribute are management and the environment.

Programme 5: Coal Resources Utilization

55. The centre-piece of UNDP's involvement in the energy sector will be a broad programme in the coal subsector and will address both environmental and efficiency aspects. The allocation, pricing and differential use of the various grades of coal available require improved planning and rationalization. Capacity to do so effectively needs to be developed. Improved technology needs to be introduced for the simple processing of coal at the pit-site, as well as experimentation with coal slurry mixtures, combustion at higher temperature and pressure levels, and improved turbine design. Planning and management of coal transportation needs to be strengthened in order to eliminate distribution constraints which are critical in many parts of the country. An urgent need exists to address occupational safety management. Finally, the industrial utilization of coal, which has high sulphur and other impurities, must be addressed as a high priority in the nation's environmental strategy.

56. The programme will result in improved planning, allocation and distribution of coal nation wide; improved occupational safety at the site of coal extraction; and pollution reduction and improved efficiency through the introduction of techniques such as washing and gradation at the pit-site and improved coal combustion technologies. This programme is expected to include aspects of pre-investment project preparation and should attract cost-sharing contributions from other multilateral and bilateral sources because of its environmental nature and donor interest in providing relevant technology.

Programme 6: Energy Efficiency and Conservation

57. In its energy development programmes, China attaches equal importance to production and conservation. Energy conservation needs to be addressed from several angles; energy pricing needs to be brought more in line with actual costs of production and transportation. This is essential if end users are going to accept the need to reduce waste and raise efficiency. Energy efficiency issues must also be addressed in industries which are large users of energy. Among these are power generation plants, steel mills, ceramics factories, and the industrial materials manufacturing industry, where low-cost technologies and management techniques will be addressed. Conservation of energy will also be sought through the promotion of alternative, and in many cases, renewable sources of energy.

58. The programme will focus on policy research and management aspects of the sector, particularly the development of medium- and long-term plans for energy production and utilization; the adoption of rational pricing policies; energy transportation; labour productivity and economic efficiency in energy production plants; and the development and application of laws and regulations relating to the energy sector.

59. The overall impact of the programme will be to increase the efficiency of energy utilization in targeted industries by up to 40 per cent, and to broaden the range of energy sources available as clean alternatives to coal. The programme will reduce waste in oil extraction in certain relevant declining fields by at least 20 per cent. Multisectoral themes of the country programme addressed by this programme are management and the environment, with impact on poor and remote areas through increased use of renewable sources of energy already introduced in the second country programme.

Programme 7: Telecommunications Modernization

60. China cannot sustain its economic growth without a major expansion of telecommunications through technological upgrading and improved management. The introduction of fibre optics, improved digital switching and other advanced technologies through international technical cooperation is looked to as a critical step in the advancement of the sector in China. The use of advanced telecommunications facilities is also seen as a means of providing distance education in order to reach remote populations. Assistance is required for the development and application of distance education teaching materials as well as the management of satellite ground stations in order to ensure their effective and efficient use.

61. The programme, with catalytic inputs from the indicative planning figure (IPF), will aim at rationalizing the use of different communications technologies; the introduction, adaptation and development of new technologies such as optical fibres, integrated digital networks and satellites; and the management of such communication systems. The programme will serve to raise the efficiency and reliability of telecommunications facilities through the introduction of new technologies and the strengthening of management capabilities. It will also result in better access to communications facilities for remoter parts of the country, and in the availability of a broader range of services to the user.

Programme 8: Transport Design

62. Many of China's modes of transportation have failed to keep pace with technologies developed in other parts of the world, and major investment is required in the next decade in order to cater for the rapidly increasing requirements for passenger and cargo transportation. The design and management of more modern facilities is therefore a high priority.

63. This relatively small but important programme will primarily address the technological aspects of the sector, particularly the technical design, development and testing of different modes of transportation, among them rail, road and shipping, as part of a larger programme requiring capital investment, including public sources and foreign direct investment. The programme will result in the development of new and improved mass transit bus and car designs. Improvements will also be made in the design of locomotives and ships used for the transportation of coal and other primary products. In addition, the programme is expected to contribute to the elimination of transportation bottlenecks in basic industry and eventually to rapid economic expansion.

3. Area of concentration: Industrial Productivity and Profitability

64. The State-owned enterprises in China have a heavy responsibility for the supply of basic, intermediary and certain key consumer goods. Some 9,000 medium and large enterprises were responsible for almost 60 per cent of the total output of manufactured goods in 1988. At the same time this sector has not responded well to the new dynamism of the Chinese economy. The shortage of raw material and the low quality of key inputs are critical bottlenecks to industrial growth in China.

65. UNDP will assist the Government in identification of options for the promotion of industrial restructuring through macroeconomic measures. There is also a great need to introduce modern management approaches to general business functions as well as production functions. A UNDP programme will result in improved management practices essential to raise efficiency, product quality, productivity, marketing, pricing and profitability of enterprises.

66. A very high priority of the Government is the introduction of new technology to cut production costs, improve quality and reduce waste and pollution. While the overall needs of the sector for new technology are great, and in many cases

specific to technical problems faced by individual industries, two broad programmes have been identified, the machine tools industry and industrial materials. A number of related but discrete interventions will also be made which supplement these programmes but cannot be defined as part of them. This otherwise is a sector which primarily lends itself to direct cooperation between Chinese and foreign enterprises.

67. This area of concentration has a particularly close relationship with two of the multisectoral themes of the country programme - management and the environment. The programmes will be designed to enhance management skills and to have a positive impact on the environment. Cross-references to this area must also be made with the area of energy where the use of coal as a fuel by various industries is addressed.

Programme 9: Large and Medium-Sized Enterprise Management

68. Enterprise reform and improved enterprise management are essential for the sector and for the economy as a whole. A network of training centres will be established to serve the poorer provinces of the north-west. The network will focus its activities on developing broad management education curricula as well as more specialized, short-term courses for senior managers of large and medium-sized enterprises situated in the area. The programme will endow enterprise managers with a sound understanding of approaches and techniques that can be applied to increase efficiency and profitability, including environmental aspects. Women will constitute a significant proportion of all management trainers as well as trainees.

Programme 10: Machine Tools Industry

69. The machine tool industry is fundamental to the development of the manufactured goods industry. It has not kept pace with technological developments in the rest of the world over the past two decades, and relies mainly on hand-operated equipment. This programme will improve the quality of a range of essential machine tools, including computer numerical control systems. The programme will also introduce new management techniques aimed at minimizing costs while improving overall quality standards. Programme impact will ultimately be judged by increased productivity of processing and manufacturing industries which use the improved machine tools.

Programme 11: Industrial Materials

70. The development of materials with particular properties to meet the requirements of different industries is a special constraint in the sector and a high priority for attention. A range of materials serving the needs of the electronics, paper, and dye production industries will be focused on. The programme will result in the development of new materials, improved techniques for the manufacture of currently produced materials, improved quality of the materials produced and improved linkages between research and development facilities and actual production.

4. Area of concentration: Social development and Quality of Life

71. Delivering effective education and health-care services to China's vast and varied population continues to be a major challenge. China has reaffirmed its commitment to the objectives of the World Conference on Education for All, held at Jomtien, Thailand, in 1990, and will continue to expand access to basic education to all sections of the population, particularly in rural and remote and poor areas. Most teachers at the primary and secondary school levels are female. Women will constitute an important part of all activities in this sector as part of the drive for equal access to education. Priority will also be given to health-care delivery systems; the role of medical care will be reassessed with a view to raising efficiency and rationalizing current divisions of function and labour. Preventive and curative aspects of the control of various diseases, including acquired immunodeficiency syndrome (AIDS), will be addressed.

72. Environmental pollution control is an urgent priority in many parts of the country. Although the environment constitutes a theme which cuts across areas of concentration in this country programme, critical environmental problems such as urban effluent treatment and industrial hazardous waste management are addressed as a specific programme in this area of concentration, with a view to improving the quality of life of the inhabitants of those areas.

73. The increased dynamism of the economy has resulted in dramatic growth of labour mobility. The development of effective and responsive manpower planning and vocational training and social security systems is essential.

74. In this area of concentration, all of the programmes will tackle key constraints by improving management systems and capabilities. In all cases, technical skills and capabilities will also be improved. Education and health-care programmes will devote significant portions of their resources to poor and remote areas and will attempt to address the role of women. The environment theme will be advanced specifically by the environmental protection and health programme, and in part by the education programme.

Programme 12: Education Systems and Administration

75. The programme will serve to improve the management of scarce resources and the generation of additional resources for increasing the effectiveness of the education system and will cover both the efficient and effective deployment of human as well as financial and physical resources. Education administrators at the school level, who are drawn largely from the ranks of teaching faculty, will be trained in the necessary management skills to conduct their management and administrative functions more effectively. The management and administrative training requirements of the staff of basic education institutions at the provincial and municipal levels will be assessed and programmes for the training of trainers established, concentrating on those provinces and municipalities with resource constraints which are acknowledged as being particularly severe. Developing an environmental education component of the regular curriculum for basic education will form part of the programme.

Programme 13: Teaching Methodologies and Materials

76. Teacher training skills will be upgraded on a pilot or demonstration basis through in-service training, especially in the case of English language teachers, so essential to enable China to benefit fully from the policy of opening to the outside world. The programme will involve the dissemination of teaching materials and training of teachers to use English language textbooks and other teaching aids developed under the second country programme, and will contribute in particular to improving the quality and overall number of such teachers in areas in which minorities reside.

77. Within the framework of the global Education for All Programme and the Government's nine-year compulsory education programme, the skills and teaching techniques of primary and middle schoolteachers will be upgraded. The programme will result in switching the curricula for key education programmes to more interactive methods of education and increasing retention on the part of pupils. A core cadre of teacher trainers will be developed with a view to the rapid training of large numbers of teachers in the application of the new teaching curricula and teaching methods. The programme will concentrate assistance on areas which need it most, areas densely populated with minority nationalities. It is intended also that a significant number of trainers selected will be women, and that the training provided will target a significant number of women teachers.

Programme 14: Health Management and Delivery Systems

78. In the health sector, considerable emphasis will be placed on the strengthening of management services and delivery systems, including the strengthening of provincial and local-level planning. A regional health planning programme will be implemented in conjunction with a World Bank loan provided for the upgrading of health delivery systems and facilities. This will result in more efficient and effective use of financial and material resources available in the sector and will ensure the provision of better health-care services.

79. Shortages of cadres of intermediate-level health personnel such as nurses are a critical bottleneck for the effective implementation of health care. A sustainable network for the training of nurses at different levels will be established along with the capability to plan and forecast nurse manpower requirements. A junior nursing cadre will be developed to provide basic health services in hospitals and clinics. A more senior cadre of nurses will be established to relieve physicians of some of the simpler medical procedures they currently handle and to ensure the effective management of other more junior personnel in health institutions. The programme will also result in changes to the current nursing system, including recruitment and policies regarding within-service grades and functions. It is expected that this programme will attract supplementary funding from bilateral donors because of its obvious human resources development orientation. Most nurses in China are women. This programme will serve to raise the standing and competitiveness of nursing vis-à-vis other professions and to strengthen the professional skills of nurses.

Programme 15: Critical Diseases

80. Attention must be given to both the preventive and curative aspects of the control of diseases more typical of more industrialized societies such as cancer and cardiovascular disease, as their incidence begins to exceed that of endemic infectious diseases. At the same time, a number of infectious diseases such as tuberculosis, hepatitis and schistosomiasis, as well as sexually transmitted diseases, which had all declined in their incidence, have gradually re-emerged, and their incidence needs to be controlled. AIDS has recently been determined to be an increasing problem requiring well-planned management. Interventions will be in parallel with those of multilateral loan institutions, particularly in the schistosomiasis campaign.

81. Approximately 380 million people live in iodine-scarce areas and suffer from varying degrees of iodine deficiency resulting in symptoms such as goitre and cretinism. UNDP assistance will be drawn upon to support the establishment of an effective system to assess the patterns of incidence and the prevention and treatment of such diseases. The programme will result in better trained manpower in epidemiological techniques and the treatment of advanced iodine deficiency. Preventive programmes will also be designed with UNDP assistance.

82. This programme will also contribute to the Government's medium-term programme for the prevention and control of sexually transmitted diseases, including AIDS, and will result in improved planning, management and information systems.

Programme 16: Environmental Protection and Health

83. Within the context of the National Environmental Strategy, hazardous and other solid industrial and domestic wastes will be controlled through the introduction of new technology, a trained core of scientists, technical personnel and managers, and the identification and implementation of schemes involving the production of economically viable by-products wherever possible. Chloro-fluorocarbons and halons will be replaced by more "ozone-friendly" chemicals in a range of industrial processes including the manufacture of refrigeration units, solvents, foam, and aerosol propellants.

84. This programme addresses specific aspects of the environment which directly impact on health. Linkages will be made with programmes in other areas of concentration, particularly in the industrial sector. It is to be expected that considerable interest will be shown in this programme by other donors, particularly in the sharing of existing technologies and the promotion of direct cooperation between Chinese and foreign enterprises.

Programme 17: Employment, Social Security and Vocational Training

85. Full employment poses a challenge to economic efficiency and social stability. To establish a dynamic labour market, the Government's capability to undertake manpower planning on the basis of demand, primarily in the productive sector, will be strengthened. Vocational training facilities will be established in a manner to ensure that they respond to changing needs in the economy and are

able to match skills to changing requirements. Under the same programme of assistance, UNDP resources will be allocated to the development of social security systems on a pilot or experimental basis. The capacity of the government institutions to manage and administer social security financing systems will be strengthened and the systems themselves defined and established. This again will constitute an especially important focus of UNDP assistance under the third country programme. Special attention will be given to women to ensure that they are fully eligible for benefits under social security schemes and retraining programmes in the vocational training component.

5. Area of concentration: Economic and Public Administration Reform and Management

86. China is committed to the deepening of reform and to opening to the outside world as the means to achieve the growth targets set for the 1990s. While public attention in recent years both internationally and in China has focused primarily on economic reform, the critical importance of establishing the new civil service system cannot be overlooked. In fact, both should be seen as interrelated parts of a broad reform effort. Indeed, highly efficient government institutions are a prerequisite for effective implementation of economic reform.

87. The general orientation of this policy of the Government is reflected in all the areas of concentration. However, their fundamental nature also warrants attention as a separate area of concentration. In addition to programmes for economic sector management, covering inter alia macroeconomic management and public administration reform, this area of concentration includes a programme for trade and investment management. The UNDP programmes will result in more efficient management in government as well as in the productive sectors of the economy. Consequently, all multisectoral themes will be advanced, but especially management and the environment.

88. The importance of the programmes identified in this area of concentration and the broad international input foreseen in their implementation present the opportunity of attracting other sources of assistance.

Programme 18: Public Administration Reform

89. Strong economic performance in China assumes a corps of professional and well-trained civil servants and a rational set of public institutions with well-defined functions at different levels of government. Reforms in this area will have a profound impact on the country's future. The Government is in the process of establishing a new civil service system based on merit through competitive recruitment and performance evaluation. A careful assessment of job functions will lead to revision of job descriptions and redeployment of staff. The new system will apply to all public institutions throughout the country and to the major State-owned enterprises. This will be supported by effective training of a core cadre of civil servants and mid-career and senior cadres through the establishment of the National School of Administration, among other mechanisms. In addition, the structure of government at provincial, municipal and county levels will be rationalized also with reference to its interrelationship with national government. UNDP technical assistance will be selectively provided in these areas.

Programme 19: Economic Sector Management

90. The Government's efforts to improve the effectiveness of macroeconomic management by strengthening economic instruments (such as fiscal and monetary policy), administrative systems, and laws and regulations will continue to be supported. The programme will support the Government's decision-making in the deepening of economic reform through international exchanges as an input in the review of policy options as well as in the detailed elaboration and implementation of reform measures.

91. Aspects of city management will be addressed through the practical application of modern urban management approaches. City leaders will be in a better position to address critical issues such as the provision of transportation, communication, health, insurance, utilities and other essential services. The programme will also address the control and treatment of pollution resulting from domestic, industrial and agricultural activities associated with the cities in question.

Programme 20: Foreign Trade and Investment Management

92. Foreign trade performance has been excellent since the policy of opening to the outside world was introduced. Attention should now be focused on the need for better trade information and management systems, and finding ways in which industrial enterprises can better penetrate the world market.

93. UNDP assistance will be provided to train a core group of personnel in trade and management issues. Assistance will also be provided to select industries in further developing their export potential.

94. In the area of investment management, select provinces and municipalities on the eastern seaboard will be able to use foreign investment for development more efficiently. Personnel will be trained and advice will be provided in assessing the types of technologies and management skills that can best be acquired through cooperation with foreign investors.

E. Unprogrammed reserve

95. An unprogrammed reserve of $6,463,950 has been set aside for contingencies.

III. COORDINATION AND MANAGEMENT OF THE PROGRAMME

A. New modalities for coordination of the programme

96. Coordination and management of the country programme, the subject of the present section, covers steps to be taken in the continuing expansion of national execution and national management of programmes. It also identifies substantive linkages with the regional, interregional and global programmes of UNDP.

97. The coordination of technical assistance is the responsibility of the Government. The adoption of a programmatic approach in itself is expected to enhance greatly the Government's capacity to coordinate the assistance provided from multiple sources. Specific, coherent programmes are to be developed which will determine the deployment of IPF resources and serve as a concrete framework to attract additional resources.

98. A range of modalities and mechanisms is to be adopted to ensure that this coordination is effective. Key international and national project personnel (National Programme Directors, International Programme Advisers and Technical Programme Advisers will be recruited with a mandate to review the operation of the entire cluster of projects being implemented within the framework of a given programme. This is intended to ensure more broad-based decision-making and the full integration of all activities within the programme, and will serve both to provide technical guidance to programmes and to ensure effective coordination and cooperation between the national institutions involved. This is expected to facilitate and enhance the dissemination of project outputs and results, thereby further raising programme impact.

99. Furthermore, progress will be reported on in the context of the overall programme, and monitoring, review and evaluation will be conducted from a programme perspective to ensure that impact is assessed in a holistic manner. Separate thematic reviews of the five multisectoral themes will be undertaken during the course of the country programme to synthesize experience on a programme-wide basis and to assess overall impact.

100. A programme implementation plan will be developed, including a comprehensive work schedule for the preparation of the new programmes. It will also serve as a basis for quarterly and annual reviews.

101. The Government will continue to strengthen its coordination of external assistance to ensure that it is used to serve national development priorities in the best way. Joint sectoral studies or reviews may be organized by the Government in a selective manner to facilitate the elaboration of programmes to be supported by more than one donor. As the requirements for international technical cooperation in support of priority areas addressed by the third country programme exceed UNDP resources, special efforts will be made to secure contributions of other donors within the framework of clearly defined programmes. Examples of areas with potential donor appeal include environmental protection, water resources planning, management and treatment, China's medium-term programme for the prevention and control of sexually transmitted diseases including AIDS, and basic and adult education.

B. Execution and implementation

102. Underlying the entire programme is the premise that UNDP assistance is intended to enhance China's national capability to manage international technical cooperation programmes. National execution of projects will become the normal mode of execution in the future and continue to expand. Such expansion however will not

exclude the United Nations agencies from playing an important role. The tripartite arrangement of the Government, UNDP and the agencies will remain a cornerstone of the programme. It is for this reason that a distinction should be drawn between execution and implementation. Execution pertains to assuming the responsibility for seeing that the basic objectives of the project are achieved in line with national development objectives, while implementation refers to the means and tools required to achieve such objectives.

103. In order to strengthen national capacity to execute projects, steps will be taken to assist the Government in computerization for more effective management, to strengthen its monitoring capacity and to replace the direct payment system currently in place with advance payment in order fully to transfer operational responsibility to the Government. In addition, a newly developed Project Implementation Manual will be finalized and distributed; it will serve as the definitive reference for National Project Directors and National Programme Managers. More within-country seminars and workshops will be held to develop the capacity of national counterpart personnel in relevant line ministries and project personnel. Management systems within the Government will be further strengthened in order to improve the quality of execution. As mentioned earlier, there will be an increased use of national consultants, which is another important part of national capacity-building.

C. Sources of expertise

104. Facilitating the flow of foreign expertise from a wide range of countries, sources and sectors through a variety of modalities, including industry, consulting firms and non-governmental institutions, is key to the role of UNDP in China.

105. TCDC. As mentioned earlier, considerably more scope exists to incorporate fully TCDC in the mainstream of activities as a mechanism for gaining access to intermediate technology within the country programme.

106. United Nations Volunteers (UNV). United Nations volunteers have proved to be a valuable and cost-effective source of expertise in a range of disciplines. A larger number will be fielded with a larger proportion brought into the mainstream of the programme.

107. Senior Technical Adviser Recruitment (STAR) and Transfer of Knowledge through Expatriate Nationals (TOKTEN). China has been a pioneer in the extensive use of the STAR and TOKTEN programmes. These are highly useful mechanisms for covering the travel and subsistence of high-level experts who volunteer their services, and here again a larger proportion of this talent will be brought into the mainstream of the programme.

D. Linkages

108. This programme is linked to the second country programme through the commitment of about $49 million for the period 1991-1995, mostly for the year 1991, for the completion of ongoing projects which basically conform with the areas of concentration of the third country programme.

109. The Fifth UNDP Intercountry Programme for Asia and the Pacific (1992-1996) is under formulation and its specific content is yet to be determined. It is expected, however, that there will be three major themes within it which will correspond to the major thrust of the China programme: economic reform, social development, and sustainable environment and natural resource management. The creation of substantive linkages between the two programmes, leading to mutual reinforcement, will be systematically pursued.

110. Moreover, the Intercountry Programme will give concrete meaning to TCDC by mobilizing talent and expertise in specific subsectors in which countries within the region are leaders in the developing world. These include economic reform, export development, direct foreign investment, transport and communications, urban environmental strategies, basic education, primary health care and tropical agriculture. In these areas and others, China will take full advantage of the Intercountry Programme to promote its own goals of enhancing TCDC.

111. Whenever possible, substantive linkages between the country and regional, interregional and global programmes will be established. For example, a team of advisers is working concurrently on a UNDP-financed, World Bank-executed intercountry project and a UNDP country project on water and sanitation.

112. Further linkages will be drawn up on a case-by-case basis as programmes are formulated. Particularly good candidates for such substantive linkages with UNDP's global, interregional and regional programmes are agricultural inputs and practices, forestry management, timber industries and AIDS.

Annex

FINANCIAL SUMMARY

I. ACTUAL UNDP RESOURCES TAKEN INTO ACCOUNT FOR PROGRAMMING

	$	$
Fourth cycle IPF resources available a/	48 171 000	
Fifth cycle IPF resources available b/	141 817 000	
Subtotal, IPF		189 988 000
Special Measures Fund for the Least Development Countries	-	
Special Programme Resources	-	
Government cost-sharing	18 500 000	
Third-party cost-sharing c/	4 000 000	
Operational funds under the authority of the Administrator	-	
Subtotal, UNDP non-IPF funds		22 500 000
TOTAL ACTUAL RSOURCES TAKEN INTO ACCOUNT FOR PROGRAMMING		212 488 000

II. USE OF UNDP RESOURCES

Ongoing projects	48 900 000	
New project proposals	141 964 130	
Programmed reserve	15 159 920	
Subtotal, programmed resources		206 024 050
Unprogrammed reserve		6 463 950
TOTAL USE OF RESOURCES		212 488 000

a/ Based on estimated delivery in 1990.

b/ Four fifths of fifth cycle IPF of $177.217 million representing 1992-1995.

c/ Commitments made as of 30 June 1990.

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PROGRAMME PLANNING

Country and intercountry programmes and projects

THIRD COUNTRY PROGRAMME FOR CHINA

Note by the Administrator

I. THE PROGRAMMING PROCESS

1. The third country programme for the People's Republic of China for the period 1991-1995 (DP/CP/CPR/3) is the fruit of a close partnership between the Government of China and the United Nations Development Programme (UNDP). Frequent and detailed discussions have been conducted by the Government with UNDP. Detailed preparation of the programme involved a series of consultations during 1989 with key line ministries and the national planning authorities, who gave specific guidance at a thematic level for the UNDP-supported programme so it would relate directly to national priorities. UNDP, the Joint Consultative Group on Policy partners and those specialized agencies of the United Nations system with offices in Beijing consult regularly on programming matters. Thus comments from the resident offices of the agencies and from many headquarters were available throughout the programme preparation. The embassies of those countries which have traditionally been the largest bilateral donors to China have been consulted and kept informed of the preparation of the programme on a continuing basis.

2. Two workshops involving Government and UNDP staff were conducted within the country in order to translate the programme approach more effectively into action within the realities of the Chinese context. The UNDP programme has moved over the years from a number of ad hoc projects to, in this programme, clusters of projects forming thematic and sectoral programmes. These programmes are to be characterized, inter alia, by their national programme objectives and programme targets.

3. The findings and recommendations of the mid-term review of the second country programme (1986-1990) served as the starting-point for development and design of the programme as a whole. The review introduced macroeconomic policy research and economic reform as a theme in the programme, and increased assistance both to the agriculture sector and training of managerial personnel. It was recognized that support should be expanded for use of Technical Cooperation among Developing Countries (TCDC), Transfer of Knowledge through Expatriate Nationals (TOKTEN), the United Nations Volunteers (UNV) and Senior Technical Adviser Recruitment (STAR). Additionally, it was agreed that the Government was able to assume more responsibility in the management of increased national execution of the UNDP programme. These areas of concentration and issues are to be continued and amplified in this programme.

4. The outcome of this process is a programme which, in addition to being sound in design, has received support and endorsement at the level of the State Council of the People's Republic of China.

5. Since 1979, when UNDP assistance to China first began, great changes have taken place within the country, and the UNDP programme has evolved to meet the concurrent changing needs for technical assistance. At the outset the role of UNDP, as the first multilateral development agency operating in China, was to provide China with access to technologies that had advanced elsewhere. In order to achieve this, the first country programme (1982-1986) was geared to introducing new technologies over a broad spectrum and providing exposure and skill training to key personnel in virtually all sectors of the economy. As China developed in the mid-1980s, the needs for technical assistance were refined. The second country programme, although still very broad, introduced human resources development as a major theme, and after the mid-term review it targeted greater attention on economic reform and policy research as well as on agricultural production. Management issues became increasingly important.

6. The third country programme is the next stage in this evolution of UNDP's role. It is more focused than its predecessors, with interventions that address critical constraints facing China and that have a more coherent approach to capacity development. The programme period coincides with the period for the Eighth National Five-Year Plan (1991-1995), to which it is closely linked.

II. ANALYTICAL COMMENTARY ON THE COUNTRY PROGRAMME

7. With 22 per cent of humanity, China's population can be expected to increase by about 85 million during the period of the new country programme. The Government attaches highest priority to continuing to raise food production levels and addressing the imperatives dictated by increased competition for essential resources, while at the same time fulfilling the growing expectations for better social services and demand for consumer goods in a rapidly developing society.

8. Much has been achieved as a result of reforms since 1978. In order to consolidate these achievements and to add further impetus to the development

process, the Government has determined that the policy of economic reform and opening to the outside world should continue.

9. The third country programme addresses these issues. Based on the development strategies of the Government, and designed in a programmatic manner, it has delineated fundamental areas in which an international dimension can most effectively be brought to bear on national programmes to eliminate critical constraints to China's development. Despite the enormous size of the country and the complexity of the problems, the country programme proposed by the Government has been based on clearly identified national needs and priorities which permeate the programme areas and shape the outcomes of each programme.

10. In order to achieve China's ambitious goals, improved management in the economic and public administration spheres is a theme of the third country programme and constitutes a common thread which runs through all of its areas of concentration and most of its programmes. For example, rational pricing structures and fiscal incentives are as critical to raising food production as the development and effective application of higher quality agricultural inputs. Economic management is therefore tackled as an integral part of most of the interventions outlined in the country programme. The natural corollary of this is the focus on strengthening national management capabilities in all sectors. This, too, constitutes a major theme which cuts across all the areas of concentration of the programme.

11. The drive to achieve sustainable development by addressing environmental issues is another fundamental theme permeating this programme. Poverty alleviation and outreach to the poorer and more remote communities and the added importance attached to human and social development is another theme which is seen as essential in assisting the Government in meeting the challenges it faces in the forthcoming years. The programme will attempt to mainstream further the concerns of women into the development process and take into account gender issues in its design and implementation.

12. Even before the Governing Council adopted decision 90/34 on 23 June 1990, the planning process for preparation of the country programme for China was focusing on many of the issues reflected in paragraphs 6 and 7 of the decision; the country programme therefore reflects these themes as cornerstones of the programme. Additionally, TCDC is considered by the Chinese Government as a mainstream modality for implementation of the whole programme, and technology for development is considered to be a fundamental feature of UNDP assistance. These two are thus overriding aspects of the programme.

13. With respect to human resources development, the programme is focused on basic education in line with the Declaration of the World Conference on Education for All, held at Jomtien, Thailand, in 1990, in support of which UNDP has a global mandate. The fight against the acquired immunodeficiency syndrome (AIDS) also figures prominently, with UNDP collaborating with the World Health Organization in the mobilization of resources for the Government's medium-term programme for combating the spread of the disease. UNDP will also bring to the programme concerns relating to the socio-economic impact of AIDS. In support of the broad

global theme of the International Drinking Water Supply and Sanitation Decade, the country programme features a large programme devoted to the effective and efficient use of scarce water resources. This is coupled with a programme for extending low-cost water supply systems to the poorest sections of the population in remote areas of the country in partnership with the World Bank.

14. Programmes in general are targeted at the increase and improvement of the indigenous pool of talent in China in promoting increased self-reliance in social and economic development. Taking into account UNDP's comparative advantage, the human resources base will be strengthened primarily through the provision of advisory services (international and national) and training (in-country and abroad).

15. As noted above, the third country programme is closely linked to the Eighth National Five-Year Plan. As the specific operational details and the implications for technical cooperation were not fully formulated at the time of the country programming exercise, the country programme does not specify a provisional distribution of resources for each area of concentration. These allocations will be made as the individual programmes and areas of thematic emphasis are elaborated during 1991-1992.

III. MANAGEMENT OF PROGRAMME IMPLEMENTATION

16. The strengthening of the capacity of the Government to manage its own development is very much at the heart of the programme. It is clearly stated in the country programme (DP/CP/CPR/3) that Chinese national, i.e. Government, execution will become the normal mode of execution in the future; that Government will continue actually to implement a significant portion of the country programme; and that the agencies will continue to have the opportunity to play an important role in the project cycle. Modalities which have proven themselves in China, such as use of non-resident chief technical advisers, advisers obtained through TCDC and TOKTEN modalities, and short-term consultants rather than long-term resident experts, will continue to play an important role in implementation.

17. National execution of such a large and complex programme places a particular burden of responsibility for technical and logistical backstopping on the Government. In order to ensure that the programme is efficiently managed, highly qualified national and international consultants will be called upon to provide advice and essential additional backstopping whenever necessary. With UNDP assistance, systems are also being established within the Government to enable it to meet better its additional responsibilities relating to the international recruitment of consultants and procurement of equipment.

18. Activities will be monitored at the programme and thematic levels; progress reports, in-depth evaluations and technical reviews will be geared to assessing impact at the level of the programme or multisectoral themes. National programme directors are to be appointed who will take overall responsibility for the implementation of the multisectoral and multi-ministerial programmes identified in the country programme.

19. It has been recognized that the intention to incorporate the multisectoral themes within programmes will require a considerable effort during a transitional period. In order to ensure that they are indeed effectively incorporated, national and international consultants will be used to develop a strategy for their integration at the outset of the programme.

20. UNDP expects that considerable national cost sharing of the programme will continue in addition to the substantial inputs in kind which normally have been forthcoming from institutions receiving assistance under the China programme. The contributions will provide a concrete demonstration of national commitment to the programme and its components.

IV. RECOMMENDATION OF THE ADMINISTRATOR

21. In summary, the third country programme addresses many of the fundamental issues facing China at the present time while also addressing significant global themes designated by the Governing Council for special attention by UNDP. It is designed in a manner to ensure the effective and efficient use of UNDP resources.

22. The Administrator therefore recommends that the Governing Council approve the third country programme for China.